

Nordea



Capital and Risk Management Report 2018

Appendix E

Nordea Finans Norge AS

Contents

Table name	Table number
Mapping of own funds to the balance sheet	E1
Transitional own funds disclosure template	E2
Countercyclical capital buffer	E3
Leverage ratio - disclosure template	E4
Overview of REA	E5
Original exposure by exposure class	E6
Exposure split by exposure class and by geography	E7
Exposure split by industry group and by main class	E8
Exposure secured by collaterals, guarantees and credit derivatives, split by exposure class	E9
Distribution of collateral	E10
Residual maturity broken down by exposure class	E11
Exposure, impaired exposures, past due exposures and allowances, split by sectors	E12
Exposure, impaired exposures, past due exposures and allowances, split by geography	E13
Reconciliation of allowance accounts	E14

E1 Mapping of own funds to the balance sheet

EURm	Nordea Finans Norway	Row in transitional own funds template
Assets		
Intangible assets		
of which: Goodwill and other intangible assets		8
Deferred tax assets		
of which: Deferred tax assets that rely on future profitability excluding those arising from temporary differences		10
Retirement benefit assets		
of which: Retirement benefit assets net of tax		15
Liabilities		
Deferred tax liabilities		
of which: Deductible deferred tax liabilities associated with deferred tax assets that rely on future profitability and do not arise from temporary differences		10
Subordinated liabilities		
of which: AT1 Capital instruments and the related share premium accounts		30
of which: Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1		33
of which: Direct and indirect holdings by an institution of own AT1 Instruments		37
of which: T2 Capital instruments and the related share premium accounts		46
of which: Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2		47
of which: Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)		52
Equity		
Share capital	8	1
Share premium reserves	120	
of which: Capital instruments and the related share premium accounts	120	1
of which: Retained earnings		2
Other reserves		
of which: Retained earnings		2
of which: Accumulated other comprehensive income		3
of which: Fair value reserves related to gains or losses on cash flow hedges		11
Retained earnings net of proposed dividend		
of which: Profit/loss for the year		5a
of which: Retained earnings		2
of which: Direct holdings by an institution of own CET1 instruments (negative amount)		16

E2 Transitional own funds disclosure template

EURm	(A) Amount at disclosure date	(B) regulation (EU) no 575/2013 article reference	(C) Amounts subject to pre-regulation treatment or prescribed residual amount of regulation, (EU) no 575/2013
Common Equity Tier 1 capital: instruments and reserves			
1 Capital instruments and the related share premium accounts	127	26 (1), 27, 28, 29, EBA list 26 (3)	
of which: Instrument type 1	8	EBA list 26 (3)	
of which: Instrument type 2		EBA list 26 (3)	
of which: Instrument type 3		EBA list 26 (3)	
2 Retained earnings	303	26 (1) (c)	
3 Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	0	26 (1)	
3a Funds for general banking risk		26 (1) (f)	
4 Amount of qualifying items referred to in Article 484 (3) and the related share premium accounts subject to phase out from CET1		486 (2)	
Public sector capital injections grandfathered until 1 January 2018		483 (2)	
5 Minority Interests (amount allowed in consolidated CET1)		84, 479, 480	
5a Independently reviewed interim profits net of any foreseeable charge or dividend	41	26 (2)	
6 Common Equity Tier 1 (CET1) capital before regulatory adjustments	472		
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7 Additional value adjustments (negative amount)		34, 105	
8 Intangible assets (net of related tax liability) (negative amount)	-10	36 (1) (b), 37, 472 (4)	
9 Empty Set in the EU	NA		
10 Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)		36 (1) (c), 38, 472 (5)	
11 Fair value reserves related to gains or losses on cash flow hedges		33 (a)	
12 Negative amounts resulting from the calculation of expected loss amounts	-2	36 (1) (d), 40, 159, 472 (6)	
13 Any increase in equity that results from securitised assets (negative amount)		32 (1)	
14 Gains or losses on liabilities valued at fair value resulting from changes in own credit standing		33 (b)	
15 Defined-benefit pension fund assets (negative amount)		36 (1) (e), 41, 472 (7)	
16 Direct and indirect holdings by an institution of own CET1 instruments (negative amount)		36 (1) (f), 42, 472 (8)	
17 Holdings of the CET1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		36 (1) (g), 44, 472 (9)	

18 Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)	36 (1) (h), 43, 45, 46, 49 (2) (3), 79, 472 (10)
19 Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	36 (1) (i), 43, 45, 47, 48 (1) (b), 49 (1) to (3), 79, 470, 472 (11)
20 Empty Set in the EU	
20a Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	36 (1) (k)
20b of which: qualifying holdings outside the financial sector (negative amount)	36 (1) (k) (i), 89 to 91
20c of which: securitisation positions (negative amount)	36 (1) (k) (ii) 243 (1) (b) 244 (1) (b) 258
20d of which: free deliveries (negative amount)	36 (1) (k) (iii), 379 (3)
21 Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in 38 (3) are met) (negative amount)	36 (1) (c), 38, 48 (1) (a), 470, 472 (5)
22 Amount exceeding the 15% threshold (negative amount)	48 (1)
23 of which: direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	36 (1) (i), 48 (1) (b), 470, 472 (11)
24 Empty Set in the EU	
25 of which: deferred tax assets arising from temporary differences	36 (1) (c), 38, 48 (1) (a), 470, 472 (5)
25a Losses for the current financial year (negative amount)	36 (1) (a), 472 (3)
25b Foreseeable tax charges relating to CET1 items (negative amount)	36 (1) (l)
26 Regulatory adjustments applied to Common Equity Tier 1 in respect of amounts subject to pre-CRR treatment	
26a Regulatory adjustments relating to unrealised gains and losses pursuant to Articles 467 and 468	
Of which: ...filter for unrealised loss on AFS debt instruments	467
Of which: ...filter for unrealised loss 2	467
Of which: ...filter for unrealised gain on AFS debt instruments	468
Of which: ...filter for unrealised gain 2	468
26b Amount to be deducted from or added to Common Equity Tier 1 capital with regard to additional filters and deductions required pre CRR	481
Of which: ...	481
27 Qualifying AT1 deductions that exceed the AT1 capital of the institution (negative amount)	36 (1) (j)
28 Total regulatory adjustments to Common equity Tier 1 (CET1)	-12
29 Common Equity Tier 1 (CET1) capital	459

Additional Tier 1 (AT1) capital: instruments

30 Capital instruments and the related share premium accounts	51, 52
31 of which: classified as equity under applicable accounting standards	
32 of which: classified as liabilities under applicable accounting standards	
33 Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1	486 (3)
Public sector capital injections grandfathered until 1 January 2018	483 (3)
34 Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	85, 86, 480
35 of which: instruments issued by subsidiaries subject to phase out	486 (3)
36 Additional Tier 1 (AT1) capital before regulatory adjustments	

Additional Tier 1 (AT1) capital: regulatory adjustments

37 Direct and indirect holdings by an institution of own AT1 Instruments (negative amount)	52 (1) (b), 56 (a), 57, 475 (2)
38 Holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	56 (b), 58, 475 (3)
39 Direct and indirect holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)	56 (c), 59, 60, 79, 475 (4)
40 Direct and indirect holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above the 10% threshold net of eligible short positions) (negative amount)	56 (d), 59, 79, 475 (4)
41 Regulatory adjustments applied to additional tier 1 in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amounts)	
41a Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) No 575/2013	472, 472(3)(a), 472 (4), 472 (6), 472 (8) (a), 472 (9), 472 (10) (a), 472 (11) (a)
Of which shortfall	
41b Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Tier 2 capital during the transitional period pursuant to article 475 of Regulation (EU) No 575/2013	477, 477 (3), 477 (4) (a)
Of which items to be detailed line by line, e.g. Reciprocal cross holdings in Tier 2 instruments, direct holdings of non-significant investments in the capital of other financial sector entities, etc	
41c Amount to be deducted from or added to Additional Tier 1 capital with regard to additional filters and deductions required pre- CRR	467, 468, 481
Of which: ...possible filter for unrealised losses	467

Of which: ...possible filter for unrealised gains	468
Of which: ...	481
42 Qualifying T2 deductions that exceed the T2 capital of the institution (negative amount)	56 (e)
43 Total regulatory adjustments to Additional Tier 1 (AT1) capital	
44 Additional Tier 1 (AT1) capital	
45 Tier 1 capital (T1 = CET1 + AT1)	459

Tier 2 (T2) capital: instruments and provisions

46 Capital instruments and the related share premium accounts	23	62, 63
47 Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2		486 (4)
Public sector capital injections grandfathered until 1 January 2018		483 (4)
48 Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties		87, 88, 480
49 of which: instruments issued by subsidiaries subject to phase out		486 (4)
50 Credit risk adjustments		62 (c) & (d)
51 Tier 2 (T2) capital before regulatory adjustments	23	

Tier 2 (T2) capital: regulatory adjustments

52 Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)	63 (b) (i), 66 (a), 67, 477 (2)
53 Holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	66 (b), 68, 477 (3)
54 Direct and indirect holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	66 (c), 69, 70, 79, 477 (4)
54a Of which new holdings not subject to transitional arrangements	
54b Of which holdings existing before 1 January 2013 and subject to transitional arrangements	
55 Direct and indirect holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	66 (d), 69, 79, 477 (4)
56 Regulatory adjustments applied to tier 2 in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amounts)	
56a Residual amounts deducted from Tier 2 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) No 575/2013	472, 472(3)(a), 472 (4), 472 (6), 472 (8) (a), 472 (9), 472 (10) (a), 472 (11) (a)

Of which shortfall	
56b Residual amounts deducted from Tier 2 capital with regard to deduction from Additional Tier 1 capital during the transitional period pursuant to article 475 of Regulation (EU) No 575/2013 Of which items to be detailed line by line, e.g. reciprocal cross holdings in at1 instruments, direct holdings of non significant investments in the capital of other financial sector entities, etc	475, 475 (2) (a), 475 (3), 475 (4) (a)
56c Amount to be deducted from or added to Tier 2 capital with regard to additional filters and deductions required pre CRR	467, 468, 481
Of which: ...possible filter for unrealised losses	467
Of which: ...possible filter for unrealised gains	468
Of which: ...	481
57 Total regulatory adjustments to Tier 2 (T2) capital	
58 Tier 2 (T2) capital	23
59 Total capital (TC = T1 + T2)	482
59a Risk weighted assets in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amounts) Of which: ...items not deducted from CET1 (Regulation (EU) No 575/2013 residual amounts) (items to be detailed line by line, e.g. Deferred tax assets that rely on future profitability net of related tax liability, indirect holdings of own CET1, etc) Of which: ...items not deducted from AT1 items (Regulation (EU) No 575/2013 residual amounts) (items to be detailed line by line, e.g. Reciprocal cross holdings in T2 instruments, direct holdings of non-significant investments in the capital of other financial sector entities, etc) Items not deducted from T2 items (Regulation (EU) No 575/2013 residual amounts) (items to be detailed line by line, e.g. Indirect holdings of own t2 instruments, indirect holdings of non significant investments in the capital of other financial sector entities, indirect holdings of significant investments in the capital of other financial sector entities etc)	472, 472 (5), 472 (8) (b), 472 (10) (b), 472 (11) (b) 475, 475 (2) (b), 475 (2) (c), 475 (4) (b) 477, 477 (2) (b), 477 (2) (c), 477 (4) (b)
60 Total risk weighted assets	2,358
Capital ratios and buffers	
61 Common Equity Tier 1 (as a percentage of risk exposure amount)	0 92 (2) (a), 465
62 Tier 1 (as a percentage of risk exposure amount)	0 92 (2) (b), 465
63 Total capital (as a percentage of risk exposure amount)	0 92 (2) (c)
64 Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus the systemically important institution buffer (G-SII or O-SII buffer), expressed as a percentage of risk exposure amount)	0 CRD 128, 129, 130
65 of which: capital conservation buffer requirement	2.5%
66 of which: countercyclical buffer requirement	2.0%
67 of which: systemic risk buffer requirement	3.0%

67a of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer		CRD 131
68 Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	15.0%	CRD 128
69 [non relevant in EU regulation]	NA	
70 [non relevant in EU regulation]	NA	
71 [non relevant in EU regulation]	NA	

Amounts below the thresholds for deduction (before risk weighting)

72 Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	36 (1) (h), 45, 46, 472 (10) 56 (c), 59, 60, 475 (4) 66 (c), 69, 70, 477 (4)
73 Direct and indirect holdings by the institution of the CET 1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	36 (1) (i), 45, 48, 470, 472 (11)
74 Empty Set in the EU	
75 Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met)	36 (1) (c), 38, 48, 470, 472 (5)

Applicable caps on the inclusion of provisions in Tier 2

76 Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)		62
77 Cap on inclusion of credit risk adjustments in T2 under standardised approach		62
78 Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)		62
79 Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	6	62

Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2013 and 1 Jan 2022)

80 Current cap on CET1 instruments subject to phase out arrangements	484 (3), 486 (2) & (5)
81 Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	484 (3), 486 (2) & (5)
82 Current cap on AT1 instruments subject to phase out arrangements	484 (4), 486 (3) & (5)
83 Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	484 (4), 486 (3) & (5)
84 Current cap on T2 instruments subject to phase out arrangements	484 (5), 486 (4) & (5)
85 Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	484 (5), 486 (4) & (5)

E3 Countercyclical capital buffer

	General credit risk exposures		Trading book exposures		Own funds requirement					
EURm	SA ¹	IRB ² approach	SA	Internal models approach	General credit exposures	Trading book exposures	Securitisation exposures	Total	Own funds requirement weight (%)	Counter-cyclical buffer rate (%)
Countries with existing CCyB rate										
Canada	0				0			0	0.0%	2.0%
China										2.0%
Czech Republic										1.0%
Hong Kong										1.9%
Iceland										1.3%
Lithuania										0.5%
Norway	1,557	1,354			174			174	99.2%	2.0%
Slovakia										1.3%
Sweden	12	0			1			1	0.4%	2.0%
United Kingdom	0	10			1			1	0.3%	1.0%
Sub-total	1,570	1,364			176			176	100.0%	
Countries with own funds requirements weight 1% or above and no existing CCyB rate										
Sub-total										
Countries with own funds requirement below 1% and no existing CCyB rate										
Sub-total	0	0			0			0	0.0%	
Total	1,570	1,364			176			176	100.0%	

¹⁾ Standardised approach

²⁾ Internal ratings based

E4 Leverage ratio disclosure templates

LRSum: Summary reconciliation of accounting assets and leverage ratio exposures

EURm	Applicable Amounts
1 Total assets as per published financial statements	2,929
2 Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	
3 (Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio exposure measure in accordance with Article 429(13) of Regulation (EU) No 575/2013 "CRR")	
4 Adjustments for derivative financial instruments	
5 Adjustments for securities financing transactions "SFTs"	
6 Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	82
EU-6a (Adjustment for intragroup exposures excluded from the leverage ratio exposure measure in accordance with Article 429 (7) of Regulation (EU) No 575/2013)	
EU-6b (Adjustment for exposures excluded from the leverage ratio exposure measure in accordance with Article 429 (14) of Regulation (EU) No 575/2013)	
7 Other adjustments	-12
8 Total leverage ratio exposure	2,999

LRCom: Leverage ratio common disclosure

EURm	CRR leverage ratio exposures
On-balance sheet exposures (excluding derivatives and SFTs)	
1 On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	2,929
2 (Asset amounts deducted in determining Tier 1 capital)	-12
3 Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)	2,917

Derivative exposures

4 Replacement cost associated with all derivatives transactions (ie net of eligible cash variation margin)	
5 Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	
EU-5a Exposure determined under Original Exposure Method	
6 Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	
7 (Deductions of receivables assets for cash variation margin provided in derivatives transactions)	
8 (Exempted CCP leg of client-cleared trade exposures)	
9 Adjusted effective notional amount of written credit derivatives	
10 (Adjusted effective notional offsets and add-on deductions for written credit derivatives)	
11 Total derivative exposures (sum of lines 4 to 10)	

Securities financing transaction exposures

- 12 Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions
- 13 (Netted amounts of cash payables and cash receivables of gross SFT assets)
- 14 Counterparty credit risk exposure for SFT assets
- EU-14a Derogation for SFTs: Counterparty credit risk exposure in accordance with Article 429b (4) and 222 of Regulation (EU) No 575/2013
- 15 Agent transaction exposures
- EU-15a (Exempted CCP leg of client-cleared SFT exposure)

16 Total securities financing transaction exposures (sum of lines 12 to 15a)

Other off-balance sheet exposures

- 17 Off-balance sheet exposures at gross notional amount 83
- 18 (Adjustments for conversion to credit equivalent amounts) -1

19 Other off-balance sheet exposures (sum of lines 17 to 18) 82

Exempted exposures in accordance with CRR Article 429 (7) and (14) (on and off balance sheet)

- EU-19a (Exemption of intragroup exposures (solo basis) in accordance with Article 429(7) of Regulation (EU) No 575/2013 (on and off balance sheet))
- EU-19b (Exposures exempted in accordance with Article 429 (14) of Regulation (EU) No 575/2013 (on and off balance sheet))

Capital and total exposures

- 20 Tier 1 capital 459
- 21 Total leverage ratio exposures (sum of lines 3, 11, 16, 19, EU-19a and EU-19b) 2,999

Leverage ratio

22 Leverage ratio 15.31%

Choice on transitional arrangements and amount of derecognised fiduciary items

- EU-23 Leverage ratio Transitional
- EU-24 Amount of derecognised fiduciary items in accordance with Article 429(11) of Regulation (EU) NO 575/2013

LRSpL: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

EURm	CRR leverage ratio exposures
EU-1 Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	2,929
EU-2 Trading book exposures	
EU-3 Banking book exposures, of which:	2,929
EU-4 Covered bonds	
EU-5 Exposures treated as sovereigns	3
EU-6 Exposures to regional governments, MDB, international organisations and PSE NOT treated as sovereigns	13
EU-7 Institutions	2
EU-8 Secured by mortgages of immovable properties	
EU-9 Retail exposures	1,053

EU-10	Corporate	1,155
EU-11	Exposures in default	29
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	674

LRQua: Free format text boxes for disclosure on qualitative items

1 [Description of the processes used to manage the risk of excessive leverage](#)

Nordea has policies and processes in place for identification, management and monitoring of the excessive leverage. The leverage ratio is also part of Nordea's risk appetite framework.

2 [Description of the factors that had an impact on the leverage Ratio during the period to which the disclosed leverage ratio refers](#)

1. Q4 2017 – Q4 2018

The leverage ratio was 15.8 % both in Q4 2017 and in Q 4 2018. The volume has increased in 2018 but this is compensated by the profit during 2018.

Q3 2018 – Q4 2018

The leverage ratio increased from 15.2 % in Q3 2018 to 15.8 % in Q4 2018. Tier I capital increased in this quarter due to the profit from 2018 which was added.

E5 Overview of REA

EURm	REA		Minimum capital requirement	
	2018	2017	2018	2017
Credit risk (excluding counterparty credit risk) (CCR)	2,197	1,988	176	159
Of which standardised approach (SA) ¹	1,119	1,006	89	80
Of which foundation IRB (FIRB) approach	1,078	983	86	79
Of which advanced IRB approach				
Of which AIRB				
Of which Retail RIRB				
Of which Equity IRB under the simple risk-weight or the IMA				
Counterparty credit risk				
Of which Marked to market ²				
Of which Original exposure				
Of which standardised approach				
Of which internal model method (IMM)				
Of which Financial collateral comprehensive method (for SFTs)				
Of which exposure amount for contributions to the default fund of a CCP				
Of which CVA				
Settlement risk				
Securitisation exposures in banking book (after the cap)				
Of which IRB supervisory formula approach (SFA)				
Market risk				
Of which standardised approach (SA)				
Of which IMA				
Large exposures				
Operational risk	162	158	13	13
Of which Standardised Approach	162	158	13	13
Amounts below the thresholds for deduction (subject to 250% risk weight)				
Swedish risk weight floor in Pillar 1				
Finnish risk weight floor in Pillar 1				
Additional capital requirement according to Basel 1 floor		96		8
Article 3 CRR Buffer				
Regulatory Total	2,358	2,243	189	179

¹⁾ Excluding amounts below the thresholds for deduction (subject to 250% risk weight).

²⁾ Excludes exposures to CCPs.

E6 Original exposure by exposure class, end of year

2018, EURm

	Original exposure	Average exposure
IRB approach		
Sovereign		5
Institutions	1	6
Corporates	1,274	1,285
of which Specialised Lending		
of which SME	531	546
Retail		
of which Secured by real estate property		
of which SME		
of which Non-SME		
of which Other Retail		
of which SME		
of which Non-SME		
Equity		
Other non-credit obligation assets	166	191
Total IRB approach	1,442	1,486
Standardised approach		
Central governments or central banks	3	1
Regional governments or local authorities	7	7
Public sector entities		
Multilateral Development Banks		
International Organisations		
Institutions	1	0
Corporates	3	1,067
of which SME		
Retail	1,056	14
of which SME	198	871
Secured by mortgages on immovable property		468
of which SME		4
Exposures in default	17	17
Items associated with particularly high risk		
Covered bonds		
Claims on institutions and corporates with a short-term credit assessment		
Collective investments undertakings (CIU)		
Equity exposures	3	3
Other exposures	502	468
Total standardised approach	1,591	2,041
Total	3,032	3,526
of which loans	1,086	1,118
of which debt securities		
of which off-balance sheet exposures	83	82

E7 Exposure split by exposure class and by geography

EURm	Nordic countries	Baltic countries	Russia	US	Other	Total
IRB exposure classes						
Sovereign						
Institution		1				1
Corporate	1,243				10	1,253
of which Advanced						
Retail						
of which secured by immovable property						
of which other retail						
of which SME						
Other non-credit obligation assets	112					112
Total IRB approach	1,356				10	1,366
Standardised exposure classes						
Central governments and central banks	3					3
Regional governments and local authorities	7					7
Institution	1					1
Corporate	4					4
Retail	1,052	0			0	1,052
Exposures secured by real estate						
Other ¹	513				0	513
Total standardised approach	1,580	0			0	1,580
Total exposure	2,936	0			10	2,946

E8 Exposure split by industry group and by main exposure class, 31 December 2018

EURm	IRB approach					Other non credit obligation assets
	Sovereign	Institution	Corporate	- of which SME	Retail	
Construction and engineering			197	151		
Consumer durables (cars, appliances, etc.)			6	4		
Consumer staples (food, agriculture etc.)			87	36		
Energy (oil, gas, etc.)			3	3		
Health care and pharmaceuticals			5	1		
Industrial capital goods			6	2		
Industrial commercial services			244	120		
IT software, hardware and services			11	4		
Media and leisure			8	4		
Metals and mining materials			78	20		
Other financial institutions		1	3	3		
Other materials (chemical, building materials, etc.)			32	18		
Other, public and organisations			239	5		112
Paper and forest materials			2	1		
Real estate management and investment			24	14		
Retail trade			129	39		
Shipping and offshore			4	3		
Telecommunication equipment						
Telecommunication operators			3	2		
Transportation			133	73		
Utilities (distribution and production)			39	18		
Total exposure		1	1,253	522		112

**E9 Exposure secured by collaterals, guarantees and credit derivatives, split by exposure class,
31 December 2018**

EURm	Original exposure	Exposure	- of which secured by guarantees and credit derivatives	- of which secured by collateral	Average weighted LGD ¹
IRB exposure classes					
Sovereign					
Institution	1	1		0	17.7%
Corporate	1,274	1,253	15	624	42.5%
of which Advanced					
Retail					
of which secured by immovable property					
of which other retail					
of which SME					
Other non-credit obligation assets	166	112			
Total IRB approach	1,442	1,366	15	624	42.5%
Standardised exposure classes					
Central government and central banks	3	3			
Regional governments and local authorities	7	7			
Institution	1	1			
Corporate	3	4			
Retail	1,056	1,052	1		
Exposures secured by real estate					
Other ²	522	513	0		
Total standardised approach	1,591	1,580	1		
Total	3,032	2,946	16	624	

¹⁾ IRB total average LGD is excluding Other non-credit obligation assets.

²⁾ Includes exposures classes Past due items, Other Items and Equity.

E10 Distribution of collateral

31 Dec 2018

31 Dec 2017

Financial collateral		
Receivables		
Residential real estate		
Commercial real estate	0.9%	0.8%
Other physical collateral	99.1%	99.2%
Total	100.0%	100.0%

E11 Residual maturity broken down by exposure classes

EURm	<1 year	1-3 years	3-5 years	>5 years	Total exposure
IRB exposure classes					
Sovereign					
Institution	0	1	0		1
Corporate	125	297	455	376	1,253
of which Advanced					
Retail					
of which secured by immovable property					
of which other retail					
of which SME					
Other non-credit obligation assets	51	53	5	2	112
Total IRB approach	176	350	461	378	1,366
Standardised exposure classes					
Central government and central banks	0	2	0	0	3
Regional governments and local authorities	1	4	2	0	7
Institution				1	1
Corporate	0	1	2	1	4
Retail	22	221	316	493	1,052
Exposures secured by real estate					
Other	104	363	44	3	513
Total standardised approach	127	590	366	497	1,580
Total	303	941	826	875	2,946

E12 Exposure, impaired exposures, past due exposures and allowances, split by sectors and industries

EURm	Impaired loans (stage 3)	Past due exposures	Credit risk adjustments ¹⁾	- of which changes during the reporting period
Households	34.4	150.8	14.0	1.9
Non financial corporations	41.6	86.6	16.1	-3.4
of which Construction and engineering	4.2	20.1	1.5	-1.7
of which Consumer durables (cars, appliances, etc.)	1.0	0.2	0.0	-0.4
of which Consumer staples (food, agriculture etc.)	0.5	2.2	0.3	-0.1
of which Energy (oil, gas, etc.)	0.0	0.0	0.0	0.0
of which Health care and pharmaceuticals	0.2	1.2	0.2	0.0
of which Industrial capital goods	0.4	0.8	0.0	0.0
of which Industrial commercial services	3.3	14.4	1.6	-0.8
of which IT software, hardware and services	0.0	0.1	0.0	0.0
of which Media and leisure	0.3	1.0	0.4	0.0
of which Metals and mining materials	27.9	29.1	9.2	-0.6
of which Other financial institutions	0.0	0.0	0.0	0.0
of which Other materials (chemical, building materials, etc.)	0.8	3.7	0.5	0.2
of which Other, public and organisations	0.0	0.0	0.0	0.0
of which Paper and forest materials	0.0	1.6	0.1	0.0
of which Real estate management and investment	0.6	1.1	0.4	0.0
of which Retail trade	1.6	3.4	1.2	-0.2
of which Shipping and offshore	0.0	0.1	0.0	0.0
of which Telecommunication equipment	0.0	0.0	0.0	0.0
of which Telecommunication operators	0.0	0.0	0.0	0.0
of which Transportation	0.7	7.1	0.6	0.1
of which Utilities (distribution and production)	0.0	0.5	0.0	0.0
Other	0.0	0.1	0.0	0.0
Total exposure	76.1	237.5	30.1	-1.5

¹⁾ For stages 1,2 and 3

E13 Exposure, impaired exposures, past due exposures and allowances, split by geography

EURm	Original exposure	Impaired loans (stage 3)	Past due exposures
Norway	3,010	76.1	237.5
Other	23	-	-
Total	3,032	76.1	237.5

E14 Reconciliation of allowance accounts

	<u>Specific credit risk adjustments</u>		Total
	Individually assessed, stage 3	Collectively assessed, stage 1 & 2	
EURm			
Opening balance according to IFRS9	24.6	7.1	31.6
Changes through the income statement	-0.5	0.8	0.3
Of which Provisions	-8.7	-	-8.7
Of which Reversals	4.3	-	4.3
Of which Net model effect	-0.1	0.8	0.7
Allowances used to cover write-offs	4.0	-	4.0
Currency translation differences	0.0	-1.8	-1.8
Closing balance	24.1	6.1	30.1